

**ICICI LOMBARD GENERAL INSURANCE LTD**

| Issue Details                 |            |
|-------------------------------|------------|
| Issue Opens                   | 15-Sept-17 |
| Issue Closes                  | 19-Sept-17 |
| Issue Size (Rs. Crore)        | 5700.94    |
| Face value (per equity share) | 10         |
| Price Band (Rs.)              | 651-661    |
| Lot Size (No of Share)        | 22         |
| No of Shares on Offer (crore) | 8.62       |
| QIB (%)                       | 50%        |
| Non-Institutional (%)         | 15%        |
| Retail (%)                    | 35%        |
| Commencement of Trading       | 27-Sept-17 |

Issue Date: 15<sup>th</sup> Sept – 19<sup>th</sup> Sept 2017

Price Band (Rs.) : 651- 661

Lot Size (No. of Share) : 22

**Company Background**

Incorporated in 2000, ICICI Lombard General Insurance Company Ltd founded as a joint venture with ICICI Bank Limited, is engaged in providing various general insurance products and services in India. They mainly offers fire, engineering, hull, aviation, motor, casualty, health, travel, energy, personal accident, marine, liability, home, rural, and credit insurance products and services. They were the largest private sector non life insurer in India based on gross direct premium income in fiscal 2017.

**Financials**

| Particulars             | For the year/period ended (in Rs. Million) |        |        |        |        |
|-------------------------|--|--------|--------|--------|--------|
|                         | FY-17                                      | FY-16  | FY-15  | FY-14  | FY-13  |
| <b>Total Assets</b>     | 48,886                                     | 35,445 | 32,414 | 25,071 | 20,290 |
| <b>Total Revenue</b>    | 9,836                                      | 7,242  | 7,424  | 5,563  | 4,162  |
| <b>Profit After Tax</b> | 6,418                                      | 5,053  | 5,853  | 5,200  | 3,528  |

**Concerns**

- Termination of, or adverse change of relationship with motor vehicle manufacturers and ICICI Bank.
- Significant proportion of government business via crop and health.
- Market risk may impair the value of the investment portfolio.

**Strengths**

- Consistent market leadership and demonstrated growth.
- Diverse product line with multi - channel distribution network.
- Robust risk selection and management framework.
- Focus on investments in technology and innovation.

**Our View**

On the higher price band of Rs.661 and on FY17 EPS of Rs.14.32, P/E ratio works out to 46x. Even based on last 3 years EPS of Rs.13.12, P/E Ratio works out to be 50x. Means company is asking the higher price band of Rs.661 in the P/E Ratio 46x to 50x. There is no listed company to compare similar business (non life insurance). Hence the issue price cannot be ascertained whether it is under priced or over priced. If we compare it with listed life insurance companies like ICICI pru Life share price which is trading at P/E ratio of 37. It is highly priced.

There are other insurance companies lined up for IPO like SBI life insurance and HDFC Life insurance. Don't expect too much over subscription in such big size IPOs. One may or may not get listing gains. High risk investors can invest in this IPO with 2-3 years time frame.

| Shareholding pattern                     | Pre Issue (%) | Post Issue (%) |
|--|---------------|----------------|
| Promoters and Promoter Group             | 63.0          | 56.0           |
| Public (incl institutions and employees) | 37.0          | 44.0           |
| Total                                    | 100.0         | 100.0          |

**Objects of the Issue**

The objects of the Offer are:

1. To achieve the benefits of listing the Equity Shares of the Company on the Stock Exchanges;
2. To carry out the sale of up to 86,247,187 Equity Shares by the Selling Shareholders; an
3. Enhance the “ICICI Lombard” brand name and provide liquidity to the existing shareholders.